

4	Analyse <u>one</u> impact on a business of outsourcing. <i>Note: no marks can be awarded if a relevant impact on a business of outsourcing has not been identified</i> Indicative content Responses may include: AO1 Knowledge and understanding 1 mark for identifying ONE impact on a business of outsourcing • Increases business capacity • Improves business flexibility • Allows focus on core business skills • Allows a business to access specialist expertise • could solve capacity problems • could reduce business costs • could add to costs • could reduce profit • could lead to a demotivated workforce / impact on employee morale • could lead to control issues /quality control problems • lower quality of product • customer satisfaction decreases
4	AO2 Application 2 marks for a DEVELOPED application/explanation of ONE impact on a business of outsourcing 1 mark for LIMITED application/explanation of ONE impact on a business of outsourcing • take on extra work / respond to increased demand quickly • concentrate / focus on its own strengths / let experienced/specialist business take on other tasks e.g. marketing, accounting • use own resources / workforce more productively • motivation may decrease / job insecurity / redundancy • profits may increase due to saved costs but reduce by paying the other business • errors in lower quality outsourcing may affect quality and customer loyalty • knowledge and processes are available to other businesses AO3 Analysis 2 marks for DEVELOPED analysis of ONE impact on a business of outsourcing 1 mark for LIMITED analysis of ONE impact on a business of outsourcing • increase output, more sales, more revenue, potential for profit, increased market share, competitive advantage • more efficient to focus on core strengths e.g. school on teaching and learning not catering or maintenance. Outsource to specialist catering firms to get economies of scale and better service • free up space, equipment and staff within the business to be better used on key activities, so more productive overall • employees may be positively or negatively affected. Could concentrate on tasks which they are good at or could feel demotivated due to job insecurity. Will affect HR activities • effect on costs and profits could be beneficial or detrimental, but business should benefit overall even if final profits are less than previously • no in-house quality assurance/visiting team may need to be set up, associated costs • customers may stop purchasing and move to competitors so reducing market share • security risk especially involving IT and innovative techniques, business ideas may be stolen • any impact must be logically developed as a consequence to the business Accept all valid responses.